

Message Text

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62

ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 R

DRAFTED BY AF/E:ESHIPPY:SEH
APPROVED BY AF:WESCHAUFEELE
AFR/ESA:JKNOLL (SUBS)
S/S-O:AOTTO
S:PBARBIAN
EB/PRF:RSERVICE
FFP/FRD:HFARNHAM

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P 170207Z APR 76 ZFF4
FM SECSTATE WASHDC
TO USDEL SECRETARY PRIORITY

C O N F I D E N T I A L STATE 093540 TOSEC 100021

EXDIS TO THE SECRETARY FROM AF:SCHAUFEELE

E.O. 11652:GDS
TAGS: EAID, TZ US
SUBJECT: ACTION MEMORANDUM: PL-480 AND AID FOR TANZANIA
(S/S NO. 7608086)

1) THE PROBLEM:

WE SHOULD DECIDE WHETHER TO COMPLETE ALL NECESSARY US
BUREAUCRATIC PROCEDURES SO THAT YOU COULD OFFER PL-480
TITLE I ASSISTANCE AND AN AGRICULTURAL SECTOR LOAN TO THE
TANZANIANS ON YOUR TRIP IF YOU SO DESIRE.

2) BACKGROUND/ANALYSIS:

IN OUR APRIL 12 MEETING YOU DECIDED THAT FURTHER CONSIDER-
ATION OF PL-480 AND AN AGRICULTURAL SECTOR LOAN FOR
TANZANIA SHOULD BE HELD UP UNTIL AFTER YOUR AFRICAN TRIP.
IT IS MY UNDERSTANDING THAT YOU WOULD FAVOR MOVING AHEAD
WITH ALL THE NECESSARY US BUREAUCRATIC PROCEDURES,
INCLUDING INTER-AGENCY APPROVAL SO THAT YOU WILL BE IN A
POSITION ON YOUR TRIP TO OFFER PL-480 TITLE I ASSISTANCE
AND TO INDICATE OUR WILLINGNESS TO CONTINUE AGRICULTURAL
SECTOR LENDING, IF YOU WISHED TO DO SO. (IT IS NOT
NECESSARY TO CONSULT THE CONGRESS ON EITHER OF THESE

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MATTERS, BUT WE ARE REQUIRED TO INFORM THE APPROPRIATE

CONGRESSIONAL COMMITTEES REGARDING PL-480 AGREEMENTS AT THE TIME NEGOTIATING INSTRUCTIONS ARE SENT TO THE FIELD.) I ALSO UNDERSTAND THAT IN ORDER TO PRESERVE YOUR OPTIONS, YOU DO NOT WANT EITHER THE EMBASSY OR THE TANZANIANS TO BE INFORMED THAT A POSITIVE DECISION HAS BEEN REACHED WITH RESPECT TO THE TANZANIAN PL-480 TITLE I REQUEST OR THE AGRICULTURAL SECTOR LOAN. YOU INTIMATED TO THE BLACK CAUCUS THAT YOU MIGHT MAKE A POSITIVE DECISION ON THESE MATTERS DURING YOUR AFRICAN TRIP.

PL-480 TITLE I

ONCE THE NECESSARY US INTER-AGENCY APPROVALS HAVE BEEN OBTAINED, UNDER PL-480 PROCEDURES, IT IS NECESSARY TO CONSULT WITH THE NORMAL SUPPLIERS TO INFORM THEM THAT THE US IS PREPARED TO OFFER ASSISTANCE UNDER PL-480 TITLE I. THESE CONSULTATIONS CAN TAKE PLACE FOLLOWING YOUR DISCUSSION WITH THE TANZANIANS, BUT SHOULD PRECEDE PUBLIC ANNOUNCEMENT OF THE PL-480 PROGRAM.

SECOND AGRICULTURAL SECTOR LOAN

WE ARE PRESENTLY CONSIDERING A SECOND AGRICULTURAL SECTOR LOAN OF LESS THAN DOLS 4 MILLION WHICH WOULD COVER TANZANIA'S MINIMUM REQUIREMENTS FOR FERTILIZER AND HYBRID SEEDS WHICH CANNOT BE COVERED BY OTHER FOREIGN DONORS AND WHICH ARE ESSENTIAL TO ACHIEVE A SELF-SUFFICIENCY IN CORN PRODUCTION.

PREPARATION OF THE SECOND AGRICULTURAL LOAN HAS NOT ADVANCED FAR ENOUGH TO PERMIT YOU TO INFORM THE TANZANIAN GOVERNMENT ON YOUR TRIP THAT THE US HAS AUTHORIZED THE LOAN AND IS READY TO NEGOTIATE THE DETAILS. YOU MAY WISH, HOWEVER, TO INFORM THE TANZANIAN GOVERNMENT OF OUR INTENTION TO CONTINUE WITH AN AGRICULTURAL SECTOR LENDING PROGRAM FOR TANZANIA.

OPTIONS

(1) PL-480 TITLE I

PROCEED WITH THE NECESSARY INTER-AGENCY CLEARANCES FOR AN OFFER OF 40,000 TONS OF CORN TO TANZANIA. (AF PREFERS THIS OPTION WHICH WOULD MAKE IT POSSIBLE FOR YOU TO OFFER THE PL-480 ASSISTANCE IF YOU WISH).

APPROVE: DISAPPROVE:

ALTERNATIVELY, RESUBMIT ABOVE QUESTION AFTER TRIP.

APPROVE: DISAPPROVE:

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(NEITHER THE EMBASSY NOR THE TANZANIANS WOULD BE INFORMED OF YOUR DECISION.)

(2) AGRICULTURAL SECTOR LOAN

CONTINUE PROCESSING WITHIN THE USG OF A POSSIBLE AGRICULTURAL SECTOR LOAN FOR DOLS 4.0 MILLION FOR TANZANIA. (AF PREFERS THIS OPTION WHICH WOULD MAKE IT POSSIBLE FOR YOU TO DISCUSS THIS ASSISTANCE IF YOU WISH).

APPROVE: DISAPPROVE:

ALTERNATIVELY, SUSPEND PROCESSING OF THE AGRICULTURAL
SECTOR LOAN AND RESUBMIT QUESTION AFTER TRIP.

APPROVE: DISAPPROVE:

(NEITHER THE EMBASSY NOR THE TANZANIANS WOULD BE INFORMED
OF YOUR DECISION.)

3) CLEARED BY AFR/ESA-JKNOLL, EB/ORF-RSERVICE,
FFP/FRD-HFARNHAM, S-PBARBIAN . ROBINSON

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, AGRICULTURAL DEVELOPMENT, PL 480 TITLE 1, LOANS
Control Number: S7608086
Copy: SINGLE
Draft Date: 17 APR 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE093540
Document Source: CORE
Document Unique ID: 00
Drafter: ESHIPPY:SEH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760146-0076
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760450/aaaabpwm.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2004 by BoyleJA>; APPROVED <02 NOV 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ACTION MEMORANDUM: PL-480 AND AID FOR TANZANIA (S/S NO. 7608086)
TAGS: EAID, TZ, US
To: SECRETARY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006